

TRACKING SURVEY OF VOTERS
REGARDING WATER SYSTEM ACQUISITION

REPORT PREPARED FOR THE
TOWN OF APPLE VALLEY



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INTRODUCTION

Apple Valley Ranchos Water Company is a privately-owned utility that provides water services to residential and commercial customers in the Town of Apple Valley. As a for-profit utility owned by an investment firm (Carlyle Group), the utility has recently applied to the California Public Utilities Commission (CPUC) for substantial rate increases—cumulatively totaling approximately 32% by 2017. To protect the interests of its residents and local businesses, the Town of Apple Valley is considering acquiring the water company through a voluntary sale or through eminent domain, if needed.

MOTIVATION FOR RESEARCH The purpose of the tracking survey described in this report was to provide an up-to-date measure of community opinions as they relate to water issues, the Apple Valley Ranchos Water Company, and the Town’s proposed acquisition of the water company. Put simply, does there continue to be community support for the Town acquiring the water company? If yes, what information is needed and/or under what conditions do residents support the proposal?

It is important to note at the outset that community opinions about proposals are often somewhat fluid, especially when the amount of information they initially have about a proposal is limited. How an individual thinks and feels about a proposal today may not be the same way they think and feel once they have had a chance to hear more information about the proposal during subsequent months. Accordingly, to accurately assess community opinions regarding the Town acquiring the water system, it was important that in addition to measuring *current* opinions about the proposal (Question 4), the survey expose respondents to the types of information they are likely to encounter in the coming months—including arguments in favor (Question 7) and opposed (Question 9) to the proposal—and gauge how this information ultimately impacts their opinions about the proposal (Questions 8 & 10).

OVERVIEW OF METHODOLOGY For a full discussion of the research methods and techniques used in this study, turn to *Methodology* on page 27. In brief, the survey was administered by telephone to a random sample of 400 registered voters in the Town of Apple Valley who reside within the Apple Valley Ranchos water company’s service area. The survey was administered between June 26 and July 3, 2015, and the average interview lasted 15 minutes.

STATISTICAL SIGNIFICANCE Several of the figures and tables in this report present the results of questions asked in the current tracking survey alongside results found in the 2014 baseline survey for identical questions. In such cases, True North conducted the appropriate tests of statistical significance to identify changes that likely reflect actual changes in public opinion during this period, as opposed to being due to chance associated with selecting two independent, random samples. Differences between the two studies are identified as *statistically significant* if we can be 95% confident that the differences reflect an actual change in public opinion between the two studies. Statistically significant differences within response categories over time are denoted by the † symbol, which appears in the figure next to the appropriate response value for 2015.

ORGANIZATION OF REPORT This report is designed to meet the needs of readers who prefer a summary of the findings as well as those who are interested in the details of the results. For those who seek an overview of the findings, the sections titled *Just the Facts* and *Conclusions* are for you. They provide a summary of the most important factual findings of the survey in bullet-point format and a discussion of their implications. For the interested reader, this section is followed by a more detailed question-by-question discussion of the results from the survey by topic area (see *Table of Contents*), as well as a description of the methodology employed for collecting and analyzing the data. And, for the truly ambitious reader, the questionnaire used for the interviews is contained at the back of this report (see *Questionnaire & Toplines* on page 30).

ACKNOWLEDGMENTS True North thanks the Town of Apple Valley for the opportunity to conduct the study, as well as for staff's contributions to the design of the survey. Their collective expertise, insight, and local knowledge improved the overall quality of the research presented here.

DISCLAIMER The statements and conclusions in this report are those of the authors (Dr. Timothy McLarney and Richard Sarles) at True North Research, Inc. and not necessarily those of the Town of Apple Valley. Any errors and omissions are the responsibility of the authors.

ABOUT TRUE NORTH True North is a full-service survey research firm that is dedicated to providing public agencies with a clear understanding of the values, perceptions, priorities and concerns of their residents and voters. Through designing and implementing scientific surveys, focus groups and one-on-one interviews, as well as expert interpretation of the findings, True North helps its clients to move with confidence when making strategic decisions in a variety of areas—such as planning, policy evaluation, performance management, establishing fiscal priorities, passing revenue measures, and developing effective public information campaigns.

During their careers, Dr. McLarney and Mr. Sarles have designed and conducted over 900 survey research studies for public agencies, including more than 300 ballot measure feasibility studies. Of the measures that have gone to ballot based on Dr. McLarney's recommendation, more than 92% have been successful.



JUST THE FACTS

The following section is an outline of the main factual findings from the survey. For the reader's convenience, we have organized the findings according to the section titles used in the body of this report. Thus, if you would like to learn more about a particular finding, simply turn to the appropriate report section.

IMPORTANCE OF ISSUES

- When asked in an open-ended manner to identify the most important issue facing Apple Valley, water-related issues were top-of-mind for the majority of Apple Valley residents. Approximately one-third (34%) mentioned the drought/water shortages as the most important issue facing Apple Valley, followed by general water issues/services (17%), water rate increases (12%), and specific mentions of either opposing (3%) or supporting (1%) the Town assuming control of the water system.
- Other issues mentioned by at least 5% of Apple Valley residents included the economy/jobs/unemployment (9%) and public safety/crime/gangs (8%).

OPINION OF APPLE VALLEY RANCHOS WATER COMPANY

- When asked if they had a favorable or unfavorable opinion of Apple Valley Ranchos Water Company, 45% of respondents said they were unsure or held no opinion of the company. Among those with an opinion, negative opinions of Apple Valley Ranchos outnumbered positive ones by approximately two-to-one (2:1). Overall, 37% indicated that they had a unfavorable opinion of Apple Valley Ranchos Water Company, whereas 18% offered a favorable opinion of the company.

INITIAL PROPOSAL TEST

- Using neutral language¹ to describe the proposal whereby the Town of Apple Valley would purchase the water system from Apple Valley Ranchos at a fair price so that it can be operated by the Town in the future as a publicly-owned utility, 21% of respondents were unsure of their opinion. Among those who held an opinion, supporters outnumbered opponents by nearly 4 to 1, with 62% indicating they would support the proposal compared with 16% who said they would oppose.
- Among the reasons mentioned for supporting the proposal, Apple Valley residents cited better service/supply/rates and control if the water system is publicly-owned (38%), a general affinity for publicly-owned utilities (15%), and concern about water rates being too high/increases (14%).
- Those who opposed the proposal were most apt to cite general opposition to the Town taking over the water system (6%), concern that the Town does not have the experience to operate the system (3%), and a perception that water rates will increase irrespective of the Town purchasing the system (3%).
- After hearing about Apple Valley Ranchos Water Company's plans to increase water rates over the next several years, approximately two-thirds (65%) of respondents said they would support the Town purchasing the water system, with more than half (53%) saying they would *definitely* support the proposal. The percentage of respondents who were unsure of their

1. Omitting any discussion of the potential benefits of the proposal with respect to rate increases or other factors.

position dropped to 14% with the water rate increase information, and the percentage of those who opposed the proposal increased slightly to 20%.

POSITIVE ARGUMENTS

When presented with arguments in favor of the proposal, voters found the following arguments to be the most persuasive:

- *Apple Valley Ranchos is owned by an investment firm based in Washington, D.C., and many of its investors are foreign. Our water system shouldn't be controlled by foreign or outside interests. We should have a locally owned and locally controlled water district.*
- *Residents have little say in how a private company like Apple Valley Ranchos operates the water system. If the Town were to purchase the water system, residents would have an opportunity to vote on any future rate increases, and key decisions would be made by the Town Council who are held accountable through the election process.*
- *If the Town were to purchase the water system, the future cost of water for residents will be lower than if it remains with Apple Valley Ranchos.*

INTERIM PROPOSAL TEST

- After informing respondents about the pending water rate increase and exposing them to the types of positive arguments they may encounter about the acquisition proposal, overall support for the proposal increased to 73%, with 56% of respondents indicating that they would *definitely* support the proposal. Approximately 16% of respondents opposed the proposal at this point in the survey, whereas an additional 10% were unsure or unwilling to state their position.

NEGATIVE ARGUMENTS

When presented with arguments in opposition to the proposal, voters found the following arguments to be the most persuasive:

- *The Town is wasting taxpayers' money attempting to take-over a private company.*
- *The Town is attempting a hostile take-over of a private company. This is a direct attack on private property rights and the free enterprise system.*
- *Don't be fooled - the Town will NOT lower your water rates if they purchase the water system.*

FINAL PROPOSAL TESTS

- After informing respondents about the pending water rate increase and exposing them to the types of positive *and* negative arguments they may encounter about the acquisition proposal, overall support was found among 70% of all voters surveyed, with 53% indicating that they would *definitely* support the proposal. Approximately 19% of respondents were opposed to the proposal at the Final Proposal Test, whereas 11% were unsure or unwilling to share their position.
- In the event that Apple Valley Ranchos Water Company refuses to sell the water system, 59% of respondents said they would support the Town forcing Apple Valley Ranchos to sell the water system at a fair price (through eminent domain), 32% opposed the forced sale, while the remaining 9% were unsure or unwilling to share their opinion.

COMMUNICATIONS

- Overall, 27% of Apple Valley voters indicated they had encountered a lot of information about the Town's proposal to acquire the water system prior to taking the survey, 34% had encountered a moderate amount of information, 23% a little information, whereas 14% stated they had encountered no information about the proposal and 2% were unsure or unwilling to answer the question.

CONCLUSIONS

The bulk of this report is devoted to conveying the details of the study findings. In this section, however, we attempt to ‘see the forest through the trees’ and note how the collective results of the survey answer the key questions that motivated the research. The following conclusions are based on True North’s interpretations of the survey results and the firm’s collective experience conducting hundreds of similar studies for public agencies throughout the State.

What are voters’ opinions of the Apple Valley Ranchos Water Company?

Most Apple Valley voters continue to have no opinion of the Apple Valley Ranchos Water Company (45%) or hold an unfavorable opinion of the company (37%). Just 18% of respondents offered that they had a favorable opinion of Apple Valley Ranchos. When compared to the 2014 baseline survey, opinions of the Apple Valley Ranchos Water Company were slightly less positive, but not significantly so.

The general pattern of unfavorable opinions of Apple Valley Ranchos Water Company was quite consistent at the subgroup level as well, with unfavorable opinions of the company outnumbering favorable opinions in every identified subgroup of Apple Valley voters with the exception of one.

Do Apple Valley residents support the Town acquiring the water system?

Yes, and support has grown over the past year.

Near the outset of the interview, respondents were provided with a simple description of the proposal whereby the Town of Apple Valley would purchase the water system from Apple Valley Ranchos at a fair price so that it can be operated by the Town in the future as a publicly-owned utility. The language used to describe the proposal in the Initial Proposal Test was purposely neutral, omitting any discussion of the potential benefits of the proposal with respect to rate increases or other factors. With this simple description of the proposal, 21% of respondents were unsure of their opinion in 2015. Among those who held an opinion, however, supporters outnumbered opponents by nearly 4 to 1, with 62% indicating they would support the proposal compared with 16% who said they would oppose.

When compared to the baseline survey in 2014, there was a statistically significant increase in overall support for the Town acquiring the water system (from 55% to 62%), and a large increase in the percentage of voters who stated they *definitely* supported the proposal (from 30% to 43%).

As respondents learned more about the impending water rate increases as well as arguments in favor of the proposal, support for the Town acquiring the water system strengthened. Indeed, by the Interim Proposal Test support for the proposal reached 73%, with just 16% opposed and 10% unsure. Support was also widespread, exceeding 60% in *every* identified subgroup. Even after being exposed to negative arguments in

opposition to the proposal, more than two-thirds (70%) of respondents continued to favor the Town acquiring the water system.

Do residents support the Town using eminent domain to acquire the water system, if needed?

If Apple Valley Ranchos Water Company refuses to sell the water system to the Town of Apple Valley, the Town has the legal option of forcing its sale through eminent domain. Recognizing that some residents who support a consensual sale may not feel comfortable with the Town forcing a sale, the survey specifically asked respondents to indicate whether they would support the Town forcing Apple Valley Ranchos to sell the water system at a fair price, even if Apple Valley Ranchos is not inclined to sell the system.

Overall, a clear majority (59%) of voters in the tracking survey stated they would support the Town forcing Apple Valley Ranchos to sell the water system at a fair price, 32% opposed a forced sale, whereas the remaining 9% were unsure or unwilling to share their opinion. When compared to the 2014 baseline survey, voters were more definite in their opinions on this matter in the 2015 tracking survey. The percentage who would definitely support the Town forcing Apple Valley Ranchos to sell the water system was higher, as was the percentage who would oppose—with significantly fewer voters having no opinion.

Has the public outreach efforts of the Town and Apple Valley Ranchos impacted voters' opinions of the proposal?

Since the baseline survey was conducted in 2014, both the Town of Apple Valley and the Apple Valley Ranchos Water Company have embarked upon public outreach efforts related to the Town's proposed acquisition of the water system. Most voters (84%) reported they had been exposed to information about the proposed acquisition prior to taking the survey, with 27% indicated they had encountered *a lot* of information about the topic.

One of the clear patterns in the survey is that the more a voter had encountered information about the proposal prior to taking the survey, the more likely they were to support the Town acquiring the water system. For example, at the Initial Proposal Test support for the proposal was found among 71% of those who indicated they had encountered a lot of information about the proposal, whereas the corresponding figure among those who had encountered little or no information was much lower at 50%.

Additionally, it is clear from the survey results that voters' opinions about the proposal are somewhat sensitive to the nature—and amount—of information that they have about the proposal. Information about the water rate increases requested by Apple Valley Ranchos, as well as arguments in favor of the proposal, were found by many individuals to be compelling reasons to support the proposal. In combination, they effectively strengthened support for the proposal by 12% from the baseline levels recorded at the Initial Proposal Test. Moreover, this information

played an important role in limiting the erosion of support for the proposal once respondents were exposed to the types of opposition arguments they will likely encounter in future months.

Accordingly, one of the keys to building and *sustaining* support for proposal will be the continued presence of an effective, well-organized public outreach effort that explains the need for the proposal as well as the many benefits that it will bring.

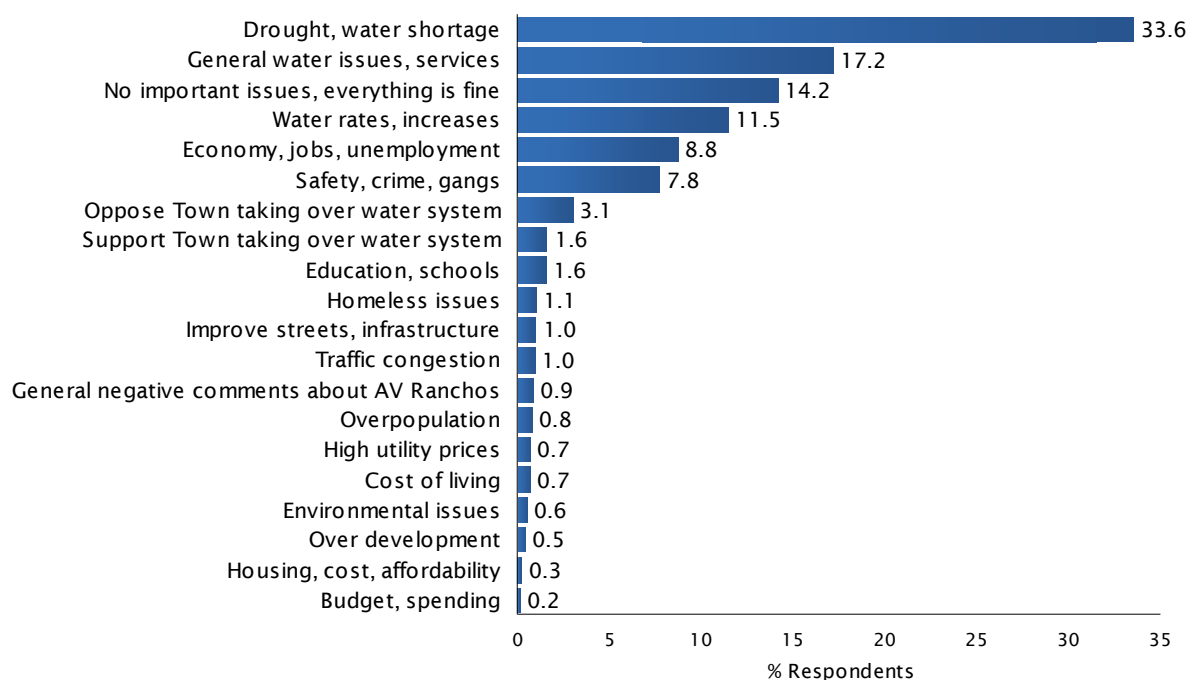
IMPORTANCE OF ISSUES

The first substantive question of the tracking survey asked respondents to identify the most important issue facing Apple Valley today. Question 2 was presented in an open-ended manner, thereby allowing respondents the opportunity to mention any issue that came to mind without being prompted by—or restricted to—a particular list of issues. True North later reviewed the verbatim responses and grouped them into the categories shown in Figure 1.

Water-related issues were top-of-mind for the majority of Apple Valley residents surveyed. Approximately one-third (34%) mentioned the drought/water shortages as the most important issue facing Apple Valley, followed by general water issues/services (17%), water rate increases (12%), and specific mentions of either opposing (3%) or supporting (1%) the Town assuming control of the water system. Other issues mentioned by at least 5% of Apple Valley residents included the economy/jobs/unemployment (9%) and public safety/crime/gangs (8%). It is also worth noting that 14% of respondents indicated that there are currently no important issues facing Apple Valley—everything is fine.

Question 2 *What would you say is the most important issue facing Apple Valley today?*

FIGURE 1 IMPORTANCE OF ISSUES



OPINION OF APPLE VALLEY RANCHOS WATER COMPANY

To understand *why* voters take the positions they do with respect to a proposal, it is often instructive to look beyond the specifics of the proposal itself. Opinions of the agencies or companies sponsoring and/or involved with a proposal, for example, can often color a respondent's opinion about a proposal. Accordingly, and prior to discussing the proposal, one of the goals of the study was to gauge opinions of the Apple Valley Ranchos Water Company.

FAVORABILITY After clarifying that the Apple Valley Ranchos Water Company is the agency responsible for providing water services to their households, the survey asked respondents whether they held a favorable or unfavorable opinion of Apple Valley Ranchos, or if they had no opinion either way.

As shown in Figure 2, 45% of respondents in the 2015 tracking survey said they were unsure or held no opinion regarding the Apple Valley Ranchos Water Company. Among those with an opinion, negative opinions of Apple Valley Ranchos outnumbered positive ones by approximately two-to-one (2:1). Overall, 37% indicated that they had a unfavorable opinion of Apple Valley Ranchos Water Company, whereas 18% offered a favorable opinion of the company. When compared to the 2014 baseline survey, opinions of the Apple Valley Ranchos Water Company were slightly less positive, but not significantly so.

Question 3 *Your household currently receives water services from the Apple Valley Ranchos Water Company. In general, do you have a favorable or unfavorable opinion of the Apple Valley Ranchos Water Company - or do you have no opinion either way?*

FIGURE 2 OPINION ABOUT APPLE VALLEY COMPANY BY STUDY YEAR

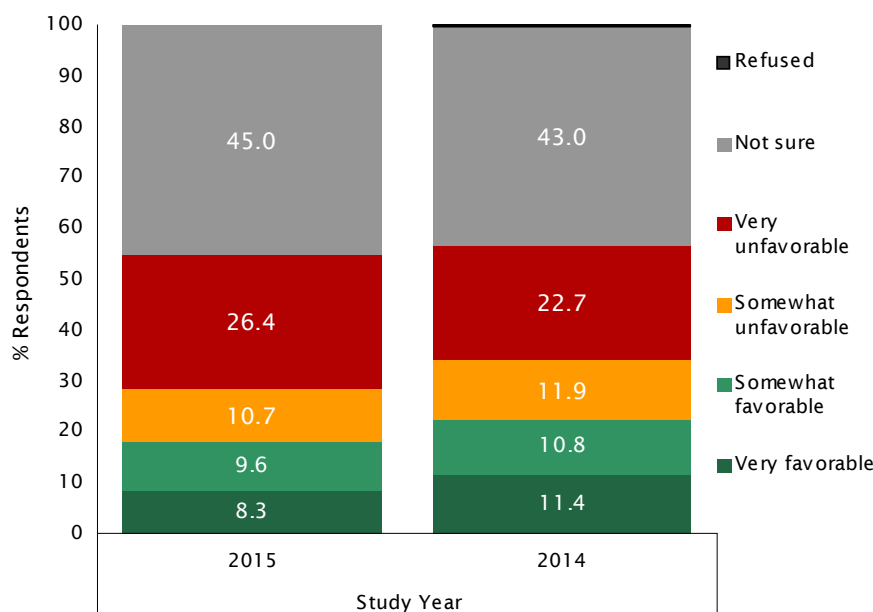
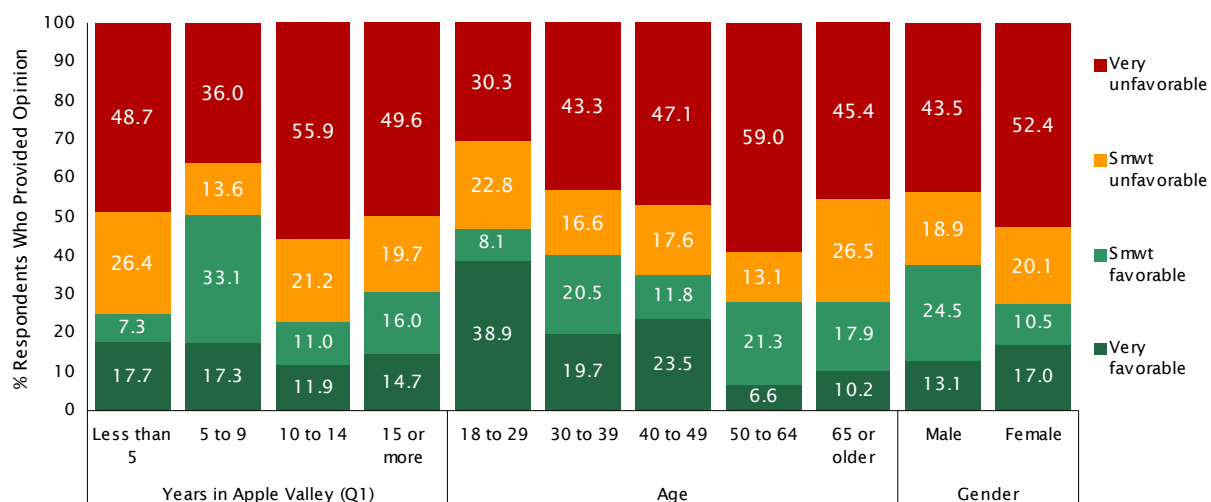


Figure 3 displays the responses to Question 3 in the 2015 tracking survey among those who provided an opinion by length of residence, age, and gender. Across every identified subgroup but one, the majority of those who provided an opinion of Apple Valley Ranchos shared an *unfavorable* opinion of the company.

FIGURE 3 OPINION ABOUT APPLE VALLEY COMPANY BY YEARS IN APPLE VALLEY, AGE & GENDER



INITIAL PROPOSAL TEST

The primary purpose of this study was to develop a statistically reliable understanding of current community opinions regarding the Town's proposed acquisition of the Apple Valley Ranchos Water Company. To this end, Question 4 was designed to take an early assessment of respondents' support for the proposal.

The motivation for placing Question 4 near the front of the survey is twofold. First, community support for a proposal often depends on the amount of information individuals have heard about the proposal. At this point in the survey, the respondent had not been provided information beyond what was presented in the proposal question itself (see below). Question 4—also known as the Initial Proposal Test—is thus a good measure of support for the proposal *as it is today*, on the natural. The Initial Proposal Test also serves a second purpose in that it provides a baseline from which to judge the impact of various information items conveyed later in the survey on support for the proposal. Note that Question 4 uses neutral language to describe the proposal, omitting any discussion of the potential benefits of the proposal with respect to rate increases or other factors.

Question 4 *Apple Valley Ranchos Water Company is a private, for-profit corporation. Some have proposed that the Town of Apple Valley purchase the water system from Apple Valley Ranchos at a fair price so that it can be operated by the Town in the future as a publicly-owned utility. In general, do you support or oppose the Town of Apple Valley purchasing the water system and operating it as a publicly-owned utility?*

FIGURE 4 INITIAL PROPOSAL TEST BY STUDY YEAR



† Statistically significant change ($p < 0.05$) between the 2013 and 2015 studies.

Figure 4 presents the community's initial opinions about the proposal in the 2015 tracking survey, as well as the 2014 baseline survey. Over the past year, voter support for the Town acquiring the water system has grown significantly. In the 2014 baseline survey, 55% of voters initially indicated they supported the Town acquiring the water system, with 30% stating that they *definitely* supported the proposal. The corresponding figures in the 2015 tracking survey are 62%

and 43%, respectively. It is also noteworthy that opposition to the proposal has not changed significantly over the past year (16% in 2015), although the percentage who were unsure about the proposal declined during this period from 29% to 21%.

SUPPORT BY SUBGROUPS For the interested reader, Table 1 shows how initial opinions regarding the proposal varied by key demographic subgroups. The blue column (Approximate % of Voter Universe) indicates the percentage of the electorate that each subgroup category comprises, whereas the columns to the right show the percentage who supported or were undecided about the proposal. One of the clear and encouraging findings is that the more information individuals stated they had encountered about the Town acquiring the water system *prior* to taking the survey, the stronger was their support for the proposal.

TABLE 1 DEMOGRAPHIC BREAKDOWN OF SUPPORT AT INITIAL PROPOSAL TEST

		Approximate % of Voter Universe	% Probably or Definitely Support	% Not sure
Overall		100	61.7	21.4
Homeowner on Voter File	Yes	66	59.2	24.7
	No	34	66.3	15.1
Opinion of Apple Valley Ranchos Water (Q3)	Favorable	18	45.2	21.3
	Unfavorable	37	80.1	10.7
	Not sure	45	53.0	30.3
Info Encountered About Proposal (Q12)	A lot	28	70.8	13.7
	Moderate	35	67.1	12.8
	Little, none	37	50.2	35.0
Years in Apple Valley (Q1)	Less than 5	12	71.8	17.4
	5 to 9	20	60.6	23.2
	10 to 14	24	75.8	13.7
	15 or longer	44	51.7	25.8
Age	18 to 29	14	62.0	17.6
	30 to 39	13	55.9	9.9
	40 to 49	13	68.2	19.1
	50 to 64	28	73.0	15.4
	65 or older	31	50.7	34.5
Party	Democrat	25	58.9	24.7
	Republican	50	60.3	21.8
	Other / DTS	25	67.2	17.5
Household Party Type	Single dem	17	61.9	23.3
	Dual dem	5	44.2	27.0
	Single rep	24	64.3	17.1
	Dual rep	20	56.2	29.4
	Other	20	65.5	18.7
	Mixed	15	65.2	17.5
Registration Year	2015 to 2009	45	60.7	19.1
	2008 to 2005	20	74.7	13.7
	2004 to 2001	12	55.3	27.8
	2000 or before	23	55.5	29.6
Likely to Vote by Mail	Yes	34	56.5	27.5
	No	66	64.3	18.3
Likely November 2016 Voter	Yes	88	60.0	22.6
	No	12	74.6	12.3
Gender	Male	48	60.0	17.4
	Female	52	63.2	25.1

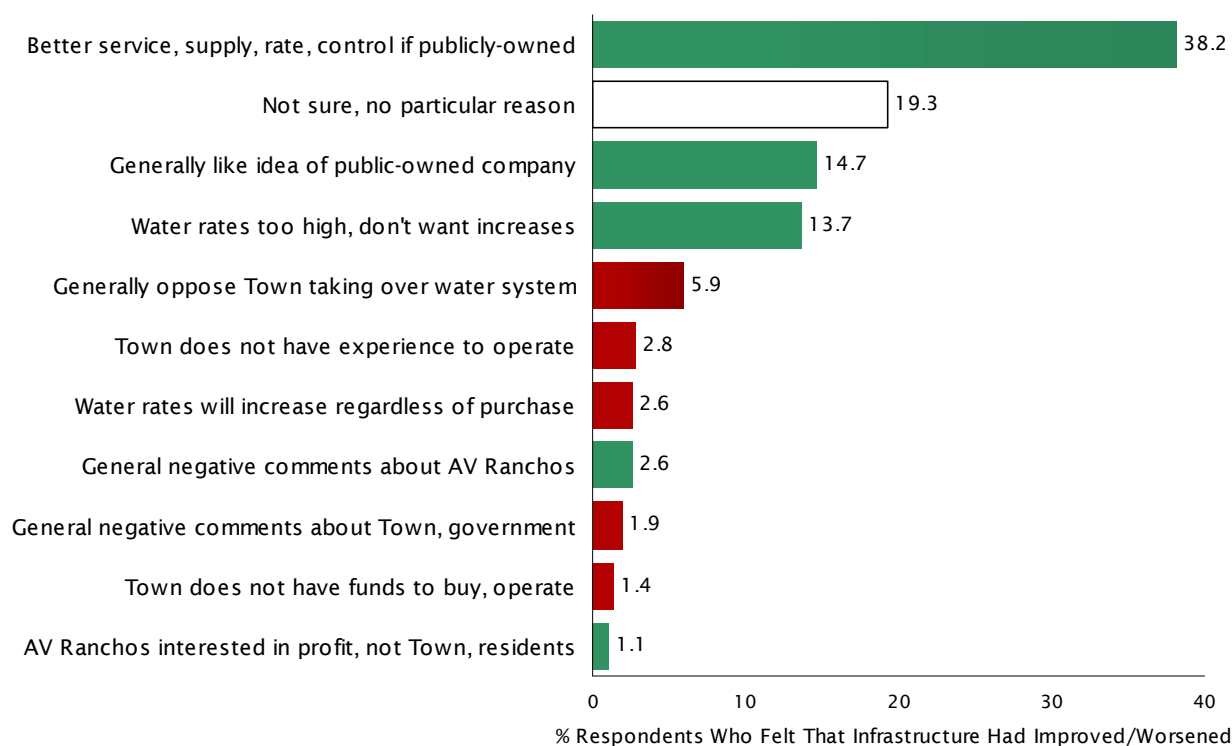
REASONS FOR SUPPORTING/OPPOSING PROPOSAL Respondents who supported or opposed the proposal at Question 4 were subsequently asked if there was a particular reason for their position. Question 5 was asked in an open-ended manner, thereby allowing respondents to mention any reason that came to mind without being prompted by—or restricted to—a particular list of options. True North later reviewed the verbatim responses and grouped them into the categories shown in Figure 5. Factors identified as reasons for supporting the proposal are shown in green, whereas reasons for opposing are identified in red.

Among the reasons mentioned for supporting the proposal, Apple Valley residents cited better service/supply/rates and control if the water system is publicly-owned (38%), a general affinity for publicly-owned utilities (15%), and concern about water rates being too high/increases (14%).

Those who opposed the proposal were most apt to cite general opposition to the Town taking over the water system (6%), concern that the Town does not have the experience to operate the system (3%), and a perception that water rates will increase irrespective of the Town purchasing the system (3%).

Question 5 *Is there a particular reason you (support/oppose) the Town of Apple Valley purchasing the water system and operating it as a publicly-owned utility?*

FIGURE 5 REASON FOR SUPPORT / OPPOSE TOWN PURCHASING WATER SYSTEM



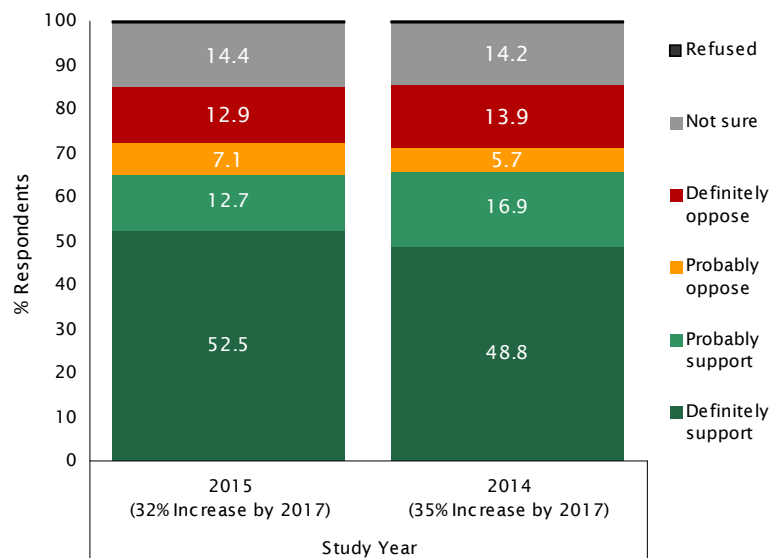
OPINIONS OF PROPOSAL WITH RATE INCREASE INFO Apple Valley Ranchos Water Company has submitted an application with the California Public Utilities Commission to raise water rates and, if approved, would result in rate increases beginning in 2015 that would con-

tinue through 2017. By 2017, the average household will see a 32% increase in water rates. However, if the Town purchases the water system it will better control water rates.

The purpose of Question 6 was to inform respondents of the aforementioned details and measure how said information impacts their opinion about the proposal. The additional information regarding Apple Valley Ranchos' request for water rate increases had a clear impact on respondents' opinions of the proposed acquisition, strengthening overall support as well as the intensity of support. In the 2015 tracking survey, approximately two-thirds (65%) of respondents stated they would support the Town purchasing the water system at this point in the survey, with more than half (53%) saying they would *definitely* support the proposal. The percentage of respondents who were unsure of their position dropped from 21% at the Initial Proposal Test to 14% with the water rate increase information, while the percentage of those who opposed the proposal increased slightly from 16% to 20% (see Figure 4 for comparison). The patterns of support at this point in the tracking survey were similar to those recorded in the 2014 baseline survey (Figure 6).

Question 6 *Apple Valley Ranchos Water Company submitted an application to raise the water rates your household pays. If approved by the State, the rate increases will begin this year and continue increasing through 2017. By 2017, your household will pay 32% more for water than you do now. If the Town purchases the water system it will better control water rates. Knowing this, do you support or oppose the Town purchasing the water system and operating it as a publicly-owned utility?*

FIGURE 6 INITIAL PROPOSAL TEST WITH 32%/ 35% WATER COST INCREASE BY 2017 INFO BY STUDY YEAR



POSITIVE ARGUMENTS

Naturally, residents' opinions regarding the proposal will likely depend on the amount of information they have about the proposal. Recognizing that some residents would not even have heard of the proposal prior to participating in the survey—much less have been exposed to discussion surrounding it—the objective of Question 7 was to present respondents with arguments in favor of the proposal and identify whether they felt the arguments were convincing reasons to support it. Arguments in opposition to the proposal were also presented and will be discussed later in this report (see *Negative Arguments* on page 20). Within each series, specific arguments were administered in random order to avoid a systematic position bias.

Question 7 *Supporters of the proposal say: _____. Do you think this is a very convincing, somewhat convincing, or not at all convincing reason to SUPPORT the Town purchasing the water system?*

FIGURE 7 POSITIVE ARGUMENTS

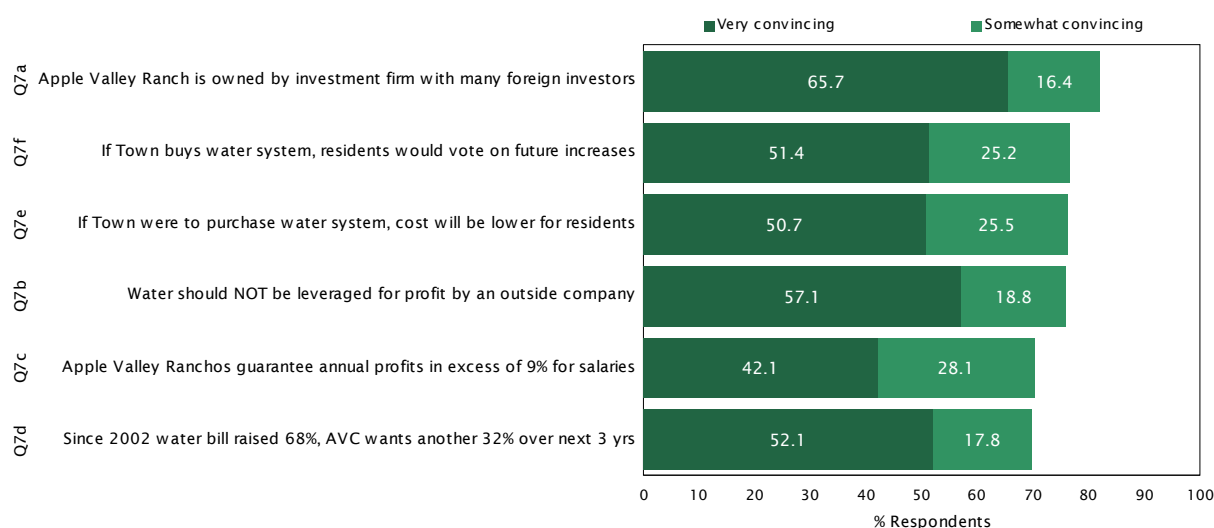


Figure 7 presents the truncated positive arguments tested, as well as respondents' reactions to the arguments. The arguments are ranked from most convincing to least convincing based on the percentage of respondents who indicated that the argument was either a 'very convincing' or 'somewhat convincing' reason to *support* the proposal. Using this methodology, the most compelling positive argument was: *Apple Valley Ranchos is owned by an investment firm based in Washington, D.C., and many of its investors are foreign. Our water system shouldn't be controlled by foreign or outside interests. We should have a locally owned and locally controlled water district* (82%), followed by *Residents have little say in how a private company like Apple Valley Ranchos operates the water system. If the Town were to purchase the water system, residents would have an opportunity to vote on any future rate increases, and key decisions would be made by the Town Council who are held accountable through the election process* (77%), and *If the Town were to purchase the water system, the future cost of water for residents will be lower than if it remains with Apple Valley Ranchos* (76%).

POSITIVE ARGUMENTS BY INITIAL SUPPORT Table 2 lists the top five most convincing positive arguments (showing the percentage of respondents who cited it as *very* convincing) according to respondents' vote choice at the Initial Proposal Test. The most striking pattern in the table is that the positive arguments resonated with a higher percentage of voters who were initially inclined to support the proposal when compared with voters who initially opposed the proposal or were unsure. Nevertheless, four arguments were ranked among the top five most compelling by all three groups.

TABLE 2 TOP POSITIVE ARGUMENTS BY POSITION AT INITIAL PROPOSAL TEST

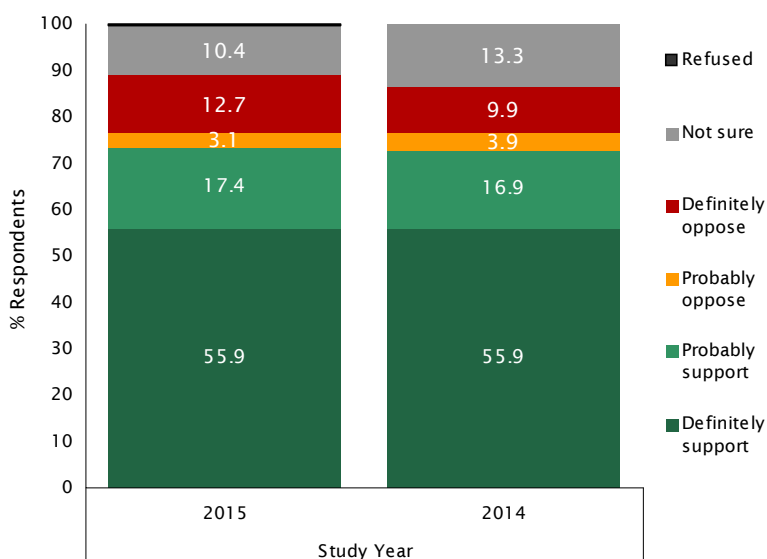
Position at Initial Proposal Test (Q4)	Item	Positive Argument Summary	% Very Convincing
Probably or Definitely Yes (n = 247)	Q7a	Apple Valley Ranch is owned by investment firm with many foreign investors	80
	Q7b	Water should NOT be leveraged for profit by an outside company	76
	Q7f	If Town buys water system, residents would vote on future increases	71
	Q7d	Since 2002 water bill raised 68%, AVC wants another 32% over next 3 yrs	68
	Q7e	If Town were to purchase water system, cost will be lower for residents	66
Probably or Definitely No (n = 66)	Q7a	Apple Valley Ranch is owned by investment firm with many foreign investors	30
	Q7e	If Town were to purchase water system, cost will be lower for residents	26
	Q7d	Since 2002 water bill raised 68%, AVC wants another 32% over next 3 yrs	21
	Q7b	Water should NOT be leveraged for profit by an outside company	18
	Q7f	If Town buys water system, residents would vote on future increases	13
Not Sure (n = 86)	Q7a	Apple Valley Ranch is owned by investment firm with many foreign investors	52
	Q7b	Water should NOT be leveraged for profit by an outside company	34
	Q7d	Since 2002 water bill raised 68%, AVC wants another 32% over next 3 yrs	32
	Q7c	Apple Valley Ranchos guarantee annual profits in excess of 9% for salaries	27
	Q7e	If Town were to purchase water system, cost will be lower for residents	26

INTERIM PROPOSAL TEST

After exposing respondents to the types of positive arguments they may encounter about the proposal, the survey again presented respondents with the proposal language used previously to gauge how their support may have changed. As shown in Figure 8, overall support for the proposal in the 2015 tracking survey increased to 73%, with 56% of respondents indicating that they would *definitely* support the proposal. Approximately 16% of respondents opposed the proposal at this point in the survey, whereas an additional 10% were unsure or unwilling to state their position. These results are strikingly similar to those found in the 2014 baseline survey for the comparable question.

Question 8 *Sometimes people change their mind about a proposal once they have more information about it. Now that you have heard a bit more, do you support or oppose the Town of Apple Valley purchasing the water system from Apple Valley Ranchos and operating it as a publicly-owned utility?*

FIGURE 8 INTERIM PROPOSAL TEST BY STUDY YEAR



SUPPORT BY SUBGROUPS Table 3 on the next page shows how support for the proposal at this point in the survey varied by key subgroups, as well as the percentage change in subgroup support when compared with the Initial Proposal Test. As shown in the table, respondents had very positive reactions to the information they encountered after the Initial Proposal Test, with most subgroups exhibiting double-digit increases in support. Although some subgroups exhibited higher levels of support than others at the Interim Proposal Test, the widespread nature of support for the proposal is arguably the most striking pattern found in Table 3. Support for the Town acquiring the water system exceeded 60% in *every* identified subgroup.

TABLE 3 DEMOGRAPHIC BREAKDOWN OF SUPPORT AT INTERIM PROPOSAL TEST

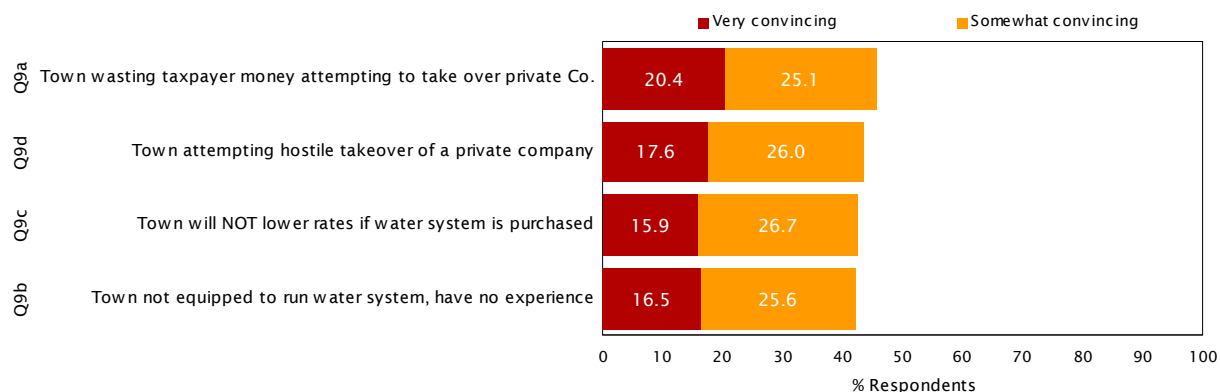
		Approximate % of Voter Universe	% Probably or Definitely Support	Change From Initial Proposal Test (Q4)
Overall		100	73.3	+11.6
Homeowner on Voter File	Yes	66	70.3	+11.0
	No	34	79.1	+12.8
Opinion of Apple Valley Ranchos Water (Q3)	Favorable	18	61.0	+15.8
	Unfavorable	37	87.5	+7.4
	Not sure	45	66.5	+13.4
Info Encountered About Proposal (Q12)	A lot	28	76.8	+6.0
	Moderate	35	74.4	+7.3
	Little, none	37	70.9	+20.7
Years in Apple Valley (Q1)	Less than 5	12	76.2	+4.4
	5 to 9	20	74.9	+14.3
	10 to 14	24	83.4	+7.6
	15 or longer	44	66.3	+14.6
Age	18 to 29	14	70.8	+8.9
	30 to 39	13	75.1	+19.2
	40 to 49	13	71.3	+3.2
	50 to 64	28	82.6	+9.6
	65 or older	31	66.0	+15.2
Party	Democrat	25	69.3	+10.4
	Republican	50	73.5	+13.2
	Other / DTS	25	76.9	+9.8
Household Party Type	Single dem	17	69.3	+7.4
	Dual dem	5	63.2	+19.0
	Single rep	24	72.2	+7.9
	Dual rep	20	71.8	+15.6
	Other	20	78.6	+13.0
	Mixed	15	78.0	+12.8
Registration Year	2015 to 2009	45	74.3	+13.6
	2008 to 2005	20	80.6	+5.9
	2004 to 2001	12	65.0	+9.7
	2000 or before	23	69.4	+13.9
Likely to Vote by Mail	Yes	34	71.3	+14.8
	No	66	74.4	+10.0
Likely November 2016 Voter	Yes	88	72.2	+12.3
	No	12	81.5	+6.9
Gender	Male	48	70.0	+10.0
	Female	52	76.3	+13.1

NEGATIVE ARGUMENTS

Whereas Question 7 presented respondents with arguments in favor of the proposal, Question 9 presented respondents with arguments designed to elicit opposition. In the case of Question 9, however, respondents were asked whether they felt that the argument was a very convincing, somewhat convincing, or not at all convincing reason to *oppose* the proposal. The arguments tested, as well as voters' opinions about the arguments, are presented in Figure 9.

Question 9 *Opponents of the proposal say: _____. Do you think this is a very convincing, somewhat convincing, or not at all convincing reason to OPPOSE the Town purchasing the water district?*

FIGURE 9 NEGATIVE COMMENTS



Among the negative arguments tested, the most compelling were: *The Town is wasting taxpayers' money attempting to take-over a private company* (46%), *The Town is attempting a hostile take-over of a private company. This is a direct attack on private property rights and the free enterprise system* (44%), and *Don't be fooled - the Town will NOT lower your water rates if they purchase the water system* (43%).

NEGATIVE ARGUMENTS BY INITIAL SUPPORT Table 4 presents the negative arguments (showing the percentage of respondents who cited each as very convincing) according to respondents' position at the Initial Proposal Test.

TABLE 4 NEGATIVE COMMENTS BY POSITION AT INITIAL PROPOSAL TEST

Position at Initial Proposal Test (Q4)	Item	Negative Argument Summary	% Very Convincing
Probably or Definitely Yes (n = 247)	Q9a	Town wasting taxpayer money attempting to take over private Co.	14
	Q9d	Town attempting hostile takeover of a private company	13
	Q9c	Town will NOT lower rates if water system is purchased	10
	Q9b	Town not equipped to run water system, have no experience	8
Probably or Definitely No (n = 66)	Q9a	Town wasting taxpayer money attempting to take over private Co.	48
	Q9b	Town not equipped to run water system, have no experience	45
	Q9d	Town attempting hostile takeover of a private company	40
	Q9c	Town will NOT lower rates if water system is purchased	38
Not Sure (n = 86)	Q9b	Town not equipped to run water system, have no experience	18
	Q9a	Town wasting taxpayer money attempting to take over private Co.	18
	Q9c	Town will NOT lower rates if water system is purchased	16
	Q9d	Town attempting hostile takeover of a private company	14

FINAL PROPOSAL TESTS

Peoples' opinions about proposals are often not rigid, especially when the amount of information presented to the public has been limited. An important goal of the survey was thus to gauge how voters' opinions about the proposed acquisition of the water system by the Town may be affected by the information they could encounter in forthcoming months. After providing respondents with a neutral description of the proposal, information about the impending water rate increases, as well as arguments in favor and against the proposal, respondents were again asked whether they would support or oppose the Town acquiring the water system from the Apple Valley Ranchos Water Company and operating it as a publicly-owned utility.

Question 10 Now that you have heard a bit more, let me ask you one more time: Do you support or oppose the Town of Apple Valley purchasing the water system from Apple Valley Ranchos and operating it as a publicly-owned utility?

FIGURE 10 FINAL PROPOSAL TEST BY STUDY YEAR



† Statistically significant change ($p < 0.05$) between the 2014 and 2015 studies.

At this point in the 2015 tracking survey, support for the proposal was found among 70% of all voters surveyed, with 53% indicating that they would *definitely* support the proposal. Approximately 19% of respondents were opposed to the proposal at the Final Proposal Test, whereas 11% were unsure or unwilling to share their position. Although support for the proposal at the Final Ballot Test was slightly higher in the 2015 tracking survey when compared to the 2014 baseline survey, the differences were not statistically significant.

FINAL PROPOSAL TEST WITH FORCED SALE INFO If Apple Valley Ranchos refuses to sell the water system to the Town of Apple Valley, the Town has the legal option of forcing its sale through eminent domain. Recognizing that some residents who support a consensual sale may not feel comfortable with the Town forcing a sale, Question 11 specifically asked respondents to indicate whether they would support the Town forcing Apple Valley Ranchos to sell the water system at a fair price, even if Apple Valley Ranchos is not inclined to sell the system.

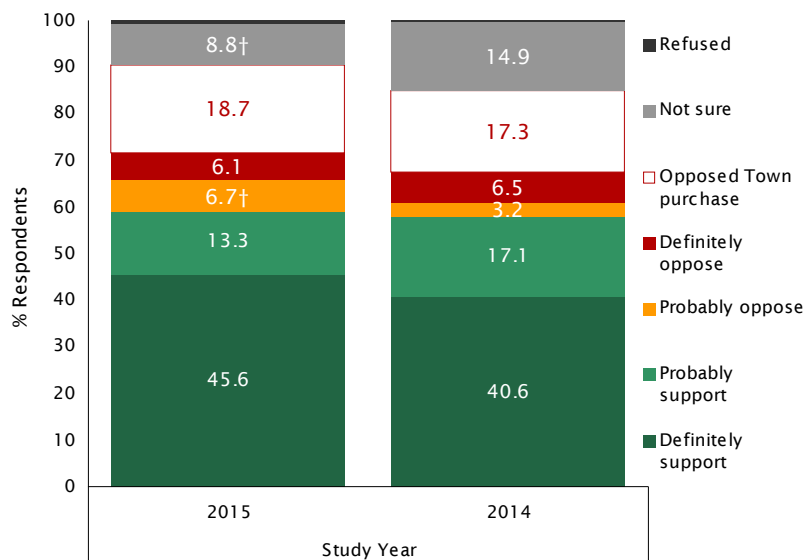
Respondents who already opposed the proposal at the Final Proposal Test (Question 10) did not receive this question, although Figure 11 combines the findings of both questions to summarize the opinions of all respondents regarding a forced sale of the water system.

Even in the scenario where the Apple Valley Ranchos Water Company is not willing to sell the water system, Apple Valley residents support the Town forcing a sale. As shown in Figure 11, 59% of respondents in the 2015 tracking survey said they would support the Town forcing Apple Valley Ranchos to sell the water system at a fair price, 32% opposes the forced sale, whereas the remaining 9% were unsure or unwilling to share their opinion.

When compared to the 2014 baseline survey, voters were more definite in their opinions on this matter in the 2015 tracking survey. The percentage who would definitely support the Town forcing Apple Valley Ranchos to sell the water system was higher, as was the percentage who would oppose—with significantly fewer voters having no opinion.

Question 11 *If Apple Valley Ranchos refuses to sell the water system to the Town, the Town has the legal option of forcing a sale. Would you support or oppose the Town forcing Apple Valley Ranchos to sell the water system at a fair price?*

FIGURE 11 SUPPORT TOWN FORCING APPLE VALLEY RANCHOS TO SELL WATER SYSTEM



CHANGE IN SUPPORT

Table 5 provides a closer look at how support for the proposal changed over the course of the interview by calculating the difference in support between the Initial, Interim, and Final Proposal Tests within various subgroups of voters. The percentage of support for the proposal at the Final Proposal Test is shown in the column with the heading *% Probably or Definitely Support*. The columns to the right show the difference between the Final and the Initial, and the Final and Interim Proposal Tests. Positive differences appear in green, whereas negative differences appear in red.

TABLE 5 DEMOGRAPHIC BREAKDOWN OF SUPPORT AT FINAL PROPOSAL TEST

		Approximate % of Voter Universe	% Probably or Definitely Support	Change From Initial Proposal Test (Q4)	Change From Interim Proposal Test (Q8)
Overall		100	69.9	+8.2	-3.4
Homeowner on Voter File	Yes	66	67.9	+8.7	-2.3
	No	34	73.6	+7.2	-5.5
Opinion of Apple Valley Ranchos Water (Q3)	Favorable	18	50.2	+5.0	-10.8
	Unfavorable	37	86.1	+6.0	-1.5
	Not sure	45	64.4	+11.3	-2.1
Info Encountered About Proposal (Q12)	A lot	28	77.3	+6.5	+0.5
	Moderate	35	73.3	+6.2	-1.1
	Little, none	37	64.7	+14.6	-6.1
Years in Apple Valley (Q1)	Less than 5	12	77.5	+5.7	+1.3
	5 to 9	20	62.9	+2.4	-12.0
	10 to 14	24	82.2	+6.4	-1.2
	15 or longer	44	64.3	+12.5	-2.0
Age	18 to 29	14	76.6	+14.7	+5.8
	30 to 39	13	67.6	+11.7	-7.5
	40 to 49	13	65.0	-3.2	-6.4
	50 to 64	28	72.5	-0.6	-10.2
	65 or older	31	67.5	+16.7	+1.5
Party	Democrat	25	63.9	+5.1	-5.3
	Republican	50	70.4	+10.1	-3.1
	Other / DTS	25	74.8	+7.6	-2.1
Household Party Type	Single dem	17	62.2	+0.4	-7.0
	Dual dem	5	56.5	+12.3	-6.7
	Single rep	24	69.4	+5.1	-2.8
	Dual rep	20	70.3	+14.1	-1.5
	Other	20	73.8	+8.3	-4.8
	Mixed	15	77.9	+12.7	-0.1
Registration Year	2015 to 2009	45	69.1	+8.4	-5.2
	2008 to 2005	20	75.5	+0.8	-5.1
	2004 to 2001	12	64.2	+9.0	-0.7
	2000 or before	23	69.5	+14.0	+0.1
Likely to Vote by Mail	Yes	34	69.7	+13.2	-1.6
	No	66	70.0	+5.6	-4.4
Likely November 2016 Voter	Yes	88	69.5	+9.6	-2.7
	No	12	72.3	-2.3	-9.1
Gender	Male	48	68.8	+8.8	-1.2
	Female	52	70.9	+7.7	-5.5

As expected, voters generally responded to the negative arguments with a reduction in their support for the proposal when compared with the levels recorded at the Interim Proposal Test. The general trend over the course of the entire survey (Initial to Final Proposal Test), however, was one of increasing support, with many subgroups exhibiting double-digit increases, and averaging +8% across all subgroup categories.

Whereas Table 5 displays change in support for the proposal over the course of the interview at the group level, Table 6 displays the individual-level changes that occurred between the Initial and Final Proposal Tests. On the left side of the table is shown each of the response options to the Initial Proposal Test and the percentage of respondents in each group. The cells in the body of the table depict movement within each response group (row) based on the information provided throughout the course of the survey as recorded by the Final Proposal Test. For example, in the first row we see that of the 43.2% of respondents who indicated that they would definitely support the proposal at the Initial Proposal Test, 38.8% also indicated that they would definitely support it at the Final Proposal Test. Approximately 2.5% moved to the probably support group, 0.6% moved to the probably oppose group, 0.5% moved to the definitely oppose group, and 0.9% percent stated they were now unsure of their position.

To ease interpretation of the table, the cells are color coded. Red shaded cells indicate declining support, green shaded cells indicate increasing support, whereas white cells indicate no movement. Moreover, within the cells, a white font indicates a fundamental change in the position: from support to oppose, oppose to support, or not sure to either support or oppose.

TABLE 6 MOVEMENT BETWEEN INITIAL & FINAL PROPOSAL TEST

Initial Proposal Test (Q4)		Final Proposal Test (Q10)				
		Definitely support	Probably support	Probably oppose	Definitely oppose	Not sure
Definitely support	43.2%	38.8%	2.5%	0.6%	0.5%	0.9%
Probably support	18.5%	7.1%	7.7%	0.4%	1.3%	2.0%
Probably oppose	4.2%	0.2%	1.7%	1.1%	0.3%	1.0%
Definitely oppose	12.2%	1.5%	0.3%	1.3%	8.4%	0.7%
Not sure	21.9%	5.1%	5.1%	2.0%	2.9%	6.8%

As one might expect, the information conveyed in the survey had the greatest impact on individuals who either weren't sure about their position at the Initial Proposal Test or were tentative in their position (probably support or probably oppose). Moreover, Table 6 makes clear that although the information impacted some voters, it did not do so in a consistent way for all respondents. Many respondents found the information conveyed during the course of the interview to be a reason to become more supportive of the proposal, whereas a smaller percentage found the same information a reason to be less supportive. Although 26% of respondents made a fundamental² shift in their opinion about the proposal over the course of the interview, the net impact is that support for the proposal at the Final proposal Test was approximately 8% higher than support at the Initial Proposal Test.

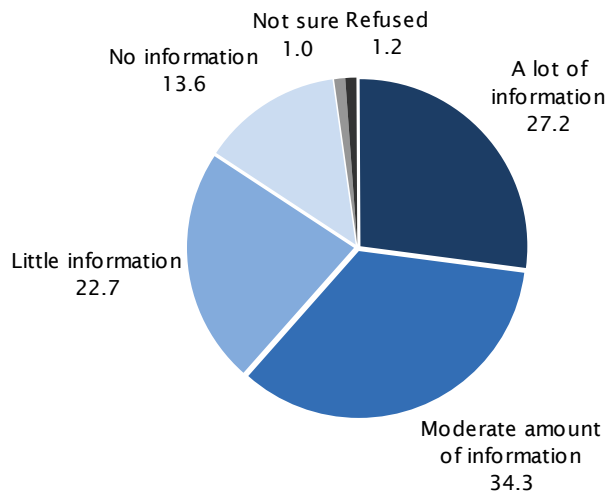
2. This is, they changed from a position of support, opposition or undecided at the Initial Proposal Test to a different position at the Final Proposal Test.

COMMUNICATIONS

Since the baseline survey was conducted in 2014, both the Town of Apple Valley and the Apple Valley Ranchos Water Company have embarked upon public outreach efforts related to the Town's proposed acquisition of the water system. The final substantive question of the survey sought to gauge the extent to which Apple Valley voters have encountered information about the proposal.

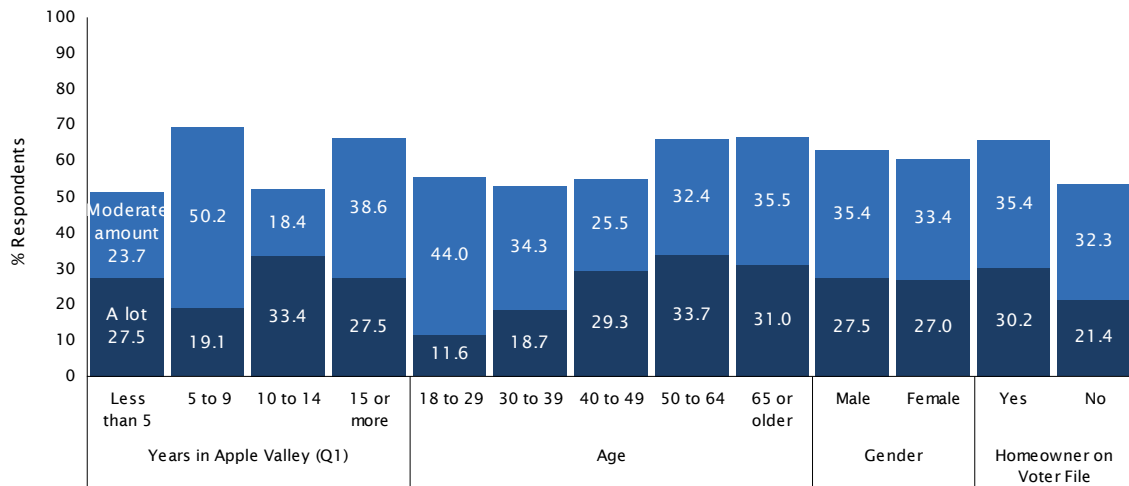
Question 12 *Prior to taking this survey, how much information have you heard, read or seen about the Town's proposal to purchase the water system? Would you say you have encountered a lot of information, a moderate amount, a little, or no information on this topic?*

FIGURE 12 INFORMATION ABOUT TOWN'S PROPOSAL TO PURCHASE WATER SYSTEM



Overall, 27% of Apple Valley voters indicated they had encountered a lot of information about the Town's proposal to acquire the water system, 34% had encountered a moderate amount of information, 23% a little information, whereas 14% stated they had encountered no information about the proposal and 2% were unsure or unwilling to answer the question (Figure 12). For the interested reader, Figure 13 shows how reported exposure to information about the Town's proposed acquisition of the water system varied by length of residence, age, gender, and home ownership status.

FIGURE 13 INFORMATION ABOUT TOWN'S PROPOSAL TO PURCHASE WATER SYSTEM BY YEARS IN APPLE VALLEY, AGE, GENDER & HOMEOWNERS VOTER FILE





BACKGROUND & DEMOGRAPHICS

TABLE 7 DEMOGRAPHIC OF SAMPLE

Total Respondents	400
Years in Apple Valley (Q1)	
Less than 5	12.2
5 to 9	20.1
10 to 14	23.7
15 or more	44.1
Homeowner on Voter File	
Yes	65.8
No	34.2
Likely to Vote by Mail	
Yes	34.0
No	66.0
Likely November 2016 Voter	
Yes	88.3
No	11.7
Party	
Democrat	25.3
Republican	49.6
Other / DTS	25.1
Household Party Type	
Single dem	16.6
Dual dem	5.0
Single rep	24.0
Dual rep	19.8
Other	19.9
Mixed	14.7
Age	
18 to 29	14.3
30 to 39	12.9
40 to 49	13.4
50 to 64	28.4
65 or older	31.0
Registration Year	
2015 to 2009	45.0
2008 to 2005	20.2
2004 to 2001	12.2
2000 or before	22.6
Gender	
Male	47.8
Female	52.2

In addition to questions directly related to the acquisition proposal, the study collected basic demographic and background information about respondents and their households. Some of this information was gathered during the interview, although much of it was collected from the voter file. The profile of the voter sample used for this study is shown in Table 7.

M E T H O D O L O G Y

The following sections outline the methodology used in the study, as well as the motivation for using certain techniques.

QUESTIONNAIRE DEVELOPMENT Dr. McLarney of True North Research worked closely with Best Best & Krieger LLP and the Town of Apple Valley to develop a questionnaire that covered the topics of interest and avoided possible sources of systematic measurement error, including position-order effects, wording effects, response-category effects, scaling effects and priming. Several questions included multiple individual items. Because asking the items in a set order can lead to a systematic position bias in responses, the items were asked in a random order for each respondent.

Some questions in the survey were presented only to a subset of respondents. For example, only respondents who indicated they have an unfavorable opinion of the Apple Valley Ranchos Water Company (Question 4) were asked the reason for that unfavorable opinion (Question 5). The questionnaire included with this report (see *Questionnaire & Toplines* on page 30) identifies the skip patterns used during the interview to ensure that each respondent received the appropriate questions.

PROGRAMMING & PRE-TEST Prior to fielding the survey, the questionnaire was CATI (Computer Assisted Telephone Interviewing) programmed to assist the live interviewers when conducting the telephone interviews. The CATI program automatically navigates the skip patterns, randomizes the appropriate question items, and alerts the interviewer to certain types of keypunching mistakes should they happen during the interview. The integrity of the questionnaire was pre-tested internally by True North and by dialing into random homes in the Apple Valley Ranchos water company's service area prior to formally beginning the survey.

SAMPLE The survey was conducted using a stratified sample of 400 registered voters in the Town of Apple Valley who reside within the Apple Valley Ranchos water company's service area. Consistent with the profile of this universe, the sample was stratified, and a total of 400 clusters were defined, each representing a particular combination of age, gender, partisanship, and household party type. Individuals were then randomly selected based on their profile into an appropriate cluster. This method ensures that if a person of a particular profile refuses to participate in the study, they are replaced by an individual who shares their same profile.

MARGIN OF ERROR DUE TO SAMPLING By using a stratified and clustered sample and monitoring the sample characteristics as data collection proceeded, True North ensured that the sample was representative of registered voters in the area of interest. The results of the sample can thus be used to estimate the opinions of *all* registered voters in the area of interest. Because not every voter participated in the survey, however, the results have what is known as a statistical margin of error due to sampling. The margin of error refers to the difference between what was found in the survey of 400 voters for a particular question and what would have been found if all of the estimated 22,706 voters in the area of interest had been interviewed.

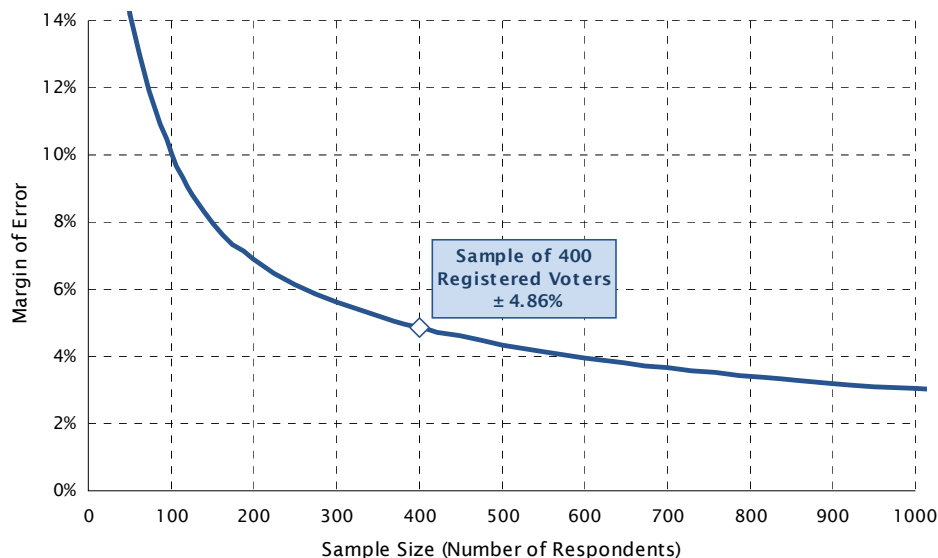
For example, in estimating the percentage of voters who have encountered at least *a little information* regarding the Town's proposal to purchase the water system, (Question 12), the margin of error can be calculated if one knows the size of the population, the size of the sample, a desired confidence level, and the distribution of responses to the question. The appropriate equation for estimating the margin of error, in this case, is shown below:

$$\hat{p} \pm t \sqrt{\left(\frac{N-n}{N}\right) \frac{\hat{p}(1-\hat{p})}{n-1}}$$

where \hat{p} is the proportion of survey respondents who had heard some information about the Town's proposal to purchase the water system (0.84 for 84% in this example), N is the population size of all voters (22,706), n is the sample size that received the question (400), and t is the upper $\alpha/2$ point for the t-distribution with $n - 1$ degrees of freedom (1.96 for a 95% confidence interval). Solving the equation using these values reveals a margin of error of $\pm 3.57\%$. This means that with 84% of survey respondents indicating they had encountered at least *a little information* regarding the Town's proposal to purchase the water system, we can be 95% confident that the actual percentage of all voters who had encountered such information is between 80% and 88%.

Figure 14 provides a plot of the *maximum* margin of error in this study. The maximum margin of error for a dichotomous percentage result occurs when the answers are evenly split such that 50% provide one response and 50% provide the alternative response (i.e., $\hat{p} = 0.5$). For this survey, the maximum margin of error is $\pm 4.86\%$ for questions answered by all 400 respondents.

FIGURE 14 MAXIMUM MARGIN OF ERROR



Within this report, figures and tables show how responses to certain questions varied by subgroups such as age, gender, and partisanship. Figure 14 is thus useful for understanding how the maximum margin of error for a percentage estimate will grow as the number of individuals asked a question (or in a particular subgroup) shrinks. Because the margin of error grows exponentially as the sample size decreases, the reader should use caution when generalizing and interpreting the results for small subgroups.

DATA COLLECTION The method of data collection was telephone interviewing. Interviews were conducted during weekday evenings (5:30PM to 9PM) and on weekends (10AM to 5PM) between June 26 and July 3, 2015. It is standard practice not to call during the day on weekdays because most working adults are unavailable and thus calling during those hours would bias the sample. The average interview lasted 15 minutes.

DATA PROCESSING Data processing consisted of checking the data for errors or inconsistencies, coding and recoding responses, categorizing verbatim responses, and preparing frequency analyses and crosstabulations.

ROUNDING Numbers that end in 0.5 or higher are rounded up to the nearest whole number, whereas numbers that end in 0.4 or lower are rounded down to the nearest whole number. These same rounding rules are also applied, when needed, to arrive at numbers that include a decimal place in constructing figures and charts. Occasionally, these rounding rules lead to small discrepancies in the first decimal place when comparing tables and pie charts for a given question.

QUESTIONNAIRE & TOPLINES



Town of Apple Valley – Water Acquisition Perception Study
Tracking Survey
Final Toplines
July 2015

Section 1: Introduction to Study

Hi, may I please speak to _____. My name is _____, and I'm calling on behalf of TNR, an independent public opinion research firm. We're conducting a survey about important issues in Apple Valley and I'd like to get your opinions.

If needed: This is a survey about important issues in your community. I'm NOT trying to sell anything and I won't ask for a donation.

If needed: The survey should take about 10 minutes to complete.

If needed: If now is not a convenient time, can you let me know a better time so I can call back?

If the person asks why you need to speak to the listed person or if they ask to participate instead, explain: For statistical purposes, at this time the survey must only be completed by this particular individual.

If the person says they are an elected official or is somehow associated with the survey, politely explain that this survey is designed to measure the opinions of those not closely associated with the study, thank them for their time, and terminate the interview.

Section 2: Importance of Issues

Q1	To begin, how many years have you lived in Apple Valley?		
	1	Less than 1 year	0%
	2	1 to 2 years	3%
	3	3 to 4 years	9%
	4	5 to 9 years	20%
	5	10 to 14 years	24%
	6	15 years or longer	44%
	99	Refused	0%
Q2	What would you say is the most important issue facing Apple Valley today? Verbatim responses recorded and later grouped into categories shown below.		
	Drought, water shortage		34%
	General water issues, services		17%
	No important issues, everything is fine		14%
	Water rates, increases		11%
	Economy, jobs, unemployment		9%
	Safety, crime, gangs		8%
	Oppose Town taking over water system		3%
	Support Town taking over water system		2%
	Education, schools		2%
	Environmental issues		1%
	High utility prices		1%

Town of Apple Valley

July 2015

Cost of living	1%
Homeless issues	1%
Overpopulation	1%
Traffic congestion	1%
Improve streets, infrastructure	1%
General negative comments about AV Ranchos	1%

Section 3: Opinion of Apple Valley Ranchos Water Company

Now for a different topic.

Q3	Your household current receives water services from the Apple Valley Ranchos Water Company. In general, do you have a favorable or unfavorable opinion of the Apple Valley Ranchos Water Company – or do you have no opinion either way? <i>Get answer, if favorable or unfavorable ask: Would that be very (favorable/unfavorable) or somewhat (favorable/unfavorable)?</i>		
1	Very favorable	8%	Ask Q4
2	Somewhat favorable	10%	Ask Q4
3	Somewhat unfavorable	11%	Ask Q4
4	Very unfavorable	26%	Ask Q4
97	Says a different company provides water to their household	0%	Terminate
98	Not sure	45%	Ask Q4
99	Refused	0%	Ask Q4

Section 4: Initial Proposal Test

Q4	Apple Valley Ranchos Water Company is a private, for-profit corporation. Some have proposed that the Town of Apple Valley purchase the water system from Apple Valley Ranchos at a fair price so that it can be operated by the Town in the future as a publicly-owned utility. In general, do you support or oppose the Town of Apple Valley purchasing the water system and operating it as a publicly-owned utility? <i>Get answer, if support or oppose ask: Would that be definitely (support/oppose) or probably (support/oppose)?</i>		
1	Definitely support	43%	Ask Q5
2	Probably support	18%	Ask Q5
3	Probably oppose	4%	Ask Q5
4	Definitely oppose	12%	Ask Q5
98	Not sure	21%	Skip to Q6
99	Refused	0%	Skip to Q6

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Q5	Is there a particular reason you (support/oppose) the Town of Apple Valley purchasing the water system and operating it as a publicly-owned utility? <i>Verbatim responses recorded and later grouped into categories shown below.</i>	
	Better service, supply, rate, control if publicly-owned	38%
	Not sure, no particular reason	19%
	Generally like idea of public-owned company	15%
	Water rates too high, don't want increases	14%
	Generally oppose town taking over water system	6%
	Town does not have experience to operate	3%
	Water rates will increase regardless of purchase	3%
	General negative comments about AV Ranchos	3%
	General negative comments about Town, government	2%
	Town does not have funds to buy, operate	1%
	AV Ranchos interested in profit, not Town, residents	1%
Q6	<p>Apple Valley Ranchos Water Company submitted an application to raise the water rates your household pays. If approved by the State, the rate increases will begin this year and continue increasing through 2017. By 2017, your household will pay 32% more for water than you do now. If the Town purchases the water system it will better control water rates.</p> <p>Knowing this, do you support or oppose the Town purchasing the water system and operating it as a publicly-owned utility? <i>Get answer, if support or oppose ask: Would that be definitely (support/oppose) or probably (support/oppose)?</i></p>	
	1 Definitely support	53%
	2 Probably support	13%
	3 Probably oppose	7%
	4 Definitely oppose	13%
	98 Not sure	14%
	99 Refused	0%

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Section 5: Positive Arguments

What I'd like to do now is tell you what some people are saying about the Town of Apple Valley purchasing the water system from Apple Valley Ranchos.

Q7 Supporters of the proposal say: _____. Do you think this is a very convincing, somewhat convincing, or not at all convincing reason to SUPPORT the Town purchasing the water system?							
		Very Convincing	Somewhat Convincing	Not At All Convincing	Don't Believe	Not sure	Refused
	<i>Randomize</i>						
A	Apple Valley Ranchos is owned by an investment firm based in Washington, D.C., and many of its investors are foreign. Our water system shouldn't be controlled by foreign or outside interests. We should have a locally owned and locally controlled water district.	66%	16%	11%	1%	5%	1%
B	Water is an essential element of life and a community asset. Our need for water should NOT be leveraged for profit by an outside company.	57%	19%	16%	1%	6%	1%
C	Apple Valley Ranchos is guaranteed annual profits in excess of nine percent – which it uses to pay high corporate salaries. That's not fair to Apple Valley rate payers.	42%	28%	20%	1%	8%	1%
D	Since 2002, the average water bill for Apple Valley Ranchos customers has risen 68 percent – and the company has requested another 32% increase over the next three years.	52%	18%	20%	1%	9%	1%
E	If the Town were to purchase the water system, the future cost of water for residents will be <u>lower</u> than if it remains with Apple Valley Ranchos.	51%	25%	14%	2%	8%	1%
F	Residents have little say in how a private company like Apple Valley Ranchos operates the water system. If the Town were to purchase the water system, residents would have an opportunity to vote on any future rate increases, and key decisions would be made by the Town Council who are held accountable through the election process.	51%	25%	17%	0%	6%	1%

Section 6: Interim Proposal Test

	Sometimes people change their mind about a proposal once they have more information about it.	
Q8	Now that you have heard a bit more, do you support or oppose the Town of Apple Valley purchasing the water system from Apple Valley Ranchos and operating it as a publicly-owned utility? <i>Get answer, if support or oppose ask: Would that be definitely (support/oppose) or probably (support/oppose)?</i>	
1	Definitely support	56%
2	Probably support	17%
3	Probably oppose	3%
4	Definitely oppose	13%
98	Not sure	10%
99	Refused	0%

Section 7: Negative Arguments

Next, let me tell you what opponents of the proposal are saying.

Q9	Opponents of the proposal say: _____. Do you think this is a very convincing, somewhat convincing, or not at all convincing reason to OPPOSE the Town purchasing the water district?						
	<i>Randomize</i>	Very Convincing	Somewhat Convincing	Not At All Convincing	Don't Believe	Not sure	Refused
A	The Town is wasting taxpayers' money attempting to take-over a private company.	20%	25%	47%	1%	6%	1%
B	The Town is not equipped to run a water system – they don't have the expertise or the experience.	16%	26%	49%	1%	8%	0%
C	Don't be fooled – the Town will NOT lower your water rates if they purchase the water system.	16%	27%	48%	2%	7%	1%
D	The Town is attempting a hostile take-over of a private company. This is a direct attack on private property rights and the free enterprise system.	18%	26%	46%	1%	9%	1%

Section 8: Final Proposal Test

Q10	Now that you have heard a bit more, let me ask you one more time: Do you support or oppose the Town of Apple Valley purchasing the water system from Apple Valley Ranchos and operating it as a publicly-owned utility? <i>Get answer, if support or oppose ask: Would that be definitely (support/oppose) or probably (support/oppose)?</i>			
	1	Definitely support	53%	Ask Q10
	2	Probably support	17%	Ask Q10

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	3	Probably oppose	5%	Skip to Q12
	4	Definitely oppose	13%	Skip to Q12
	98	Not sure	10%	Ask Q10
	99	Refused	1%	Ask Q10
Q11	If Apple Valley Ranchos refuses to sell the water system to the Town, the Town has the legal option of forcing a sale. Would you support or oppose the Town forcing Apple Valley Ranchos to sell the water system at a <u>fair</u> price? <i>Get answer, if support or oppose ask: Would that be definitely (support/oppose) or probably (support/oppose)?</i>			
	1	Definitely support	46%	
	2	Probably support	13%	
	3	Probably oppose	7%	
	4	Definitely oppose	6%	
	Opposed at Q10 (Did not receive Q11)		19%	
	98	Not sure	9%	
	99	Refused	1%	

Section 9: Communications

Q12	Prior to taking this survey, how much information have you heard, read or seen about the Town's proposal to purchase the water system? Would you say you have encountered a lot of information, a moderate amount, a little, or no information on this topic?			
	1	A lot of information	27%	
	2	A moderate amount of information	34%	
	3	A little information	23%	
	4	No information	14%	
	98	Not sure	1%	
	99	Refused	1%	

Those are all of the questions that I have for you! Thanks very much for participating.

Post-Interview & Sample Items

S1	Gender			
	1	Male	48%	
	2	Female	52%	
S2	Party			
	1	Democrat	25%	
	2	Republican	50%	

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	3	Other	5%
	4	DTS	20%
S3	Age on Voter File		
	1	18 to 29	14%
	2	30 to 39	13%
	3	40 to 49	13%
	4	50 to 64	28%
	5	65 or older	31%
	99	Not Coded	0%
S4	Registration Date		
	1	2015 to 2008	45%
	2	2007 to 2001	20%
	3	2000 to 1990	12%
	4	Before 1990	6%
S5	Household Party Type		
	1	Single Dem	17%
	2	Dual Dem	5%
	3	Single Rep	24%
	4	Dual Rep	20%
	5	Single Other	15%
	6	Dual Other	5%
	7	Dem & Rep	4%
	8	Dem & Other	3%
	9	Rep & Other	6%
	0	Mixed (Dem + Rep + Other)	1%
S6	Homeowner on Voter File		
	1	Yes	66%
	2	No	34%
S7	Likely to Vote by Mail		
	1	Yes	34%
	2	No	66%

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S8	Likely November 2016 Voter		
	1	Yes	82%
	2	No	18%

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